

# Guaranteed Education Tuition (GET)



Senate Education Committee  
February 25, 2005

# GET established in 1998

- RCW 28B.95
  - *Provides Washington citizens the opportunity to pre-pay college tuition*
  - *Encourages families to save for college*

# Facts about the GET program

- GET is Washington's prepaid tuition plan, authorized by Section 529 of the IRS code
- GET Committee oversees program and policies
  - Chair: HECB executive director
  - Other members: state treasurer, director of OFM and two citizen members
- State Investment Board invests and monitors funds
- HECB administers day-to-day operations

# Key features of GET program

- The state guarantees that tuition purchased through GET will retain its value in the future as tuition prices rise
- Under current federal tax law, earnings on GET accounts are tax-exempt when used for college expenses
- Unit price may be adjusted twice annually to ensure the program remains actuarially sound
- The program is designed to be self-sustaining

# How GET works

- Tuition is sold in units; 100 units equal one year's tuition at the highest priced Washington public university
- Families may purchase a total of up to 500 units per student
- Units may be used at any eligible college, university or technical school in the U.S.
- The 2004-05 enrollment period is Sept. 15 - Mar. 31
- Unit price for 2004-05 is \$61, a portion of which is earmarked for the reserve account

# Since GET sales began in 1998

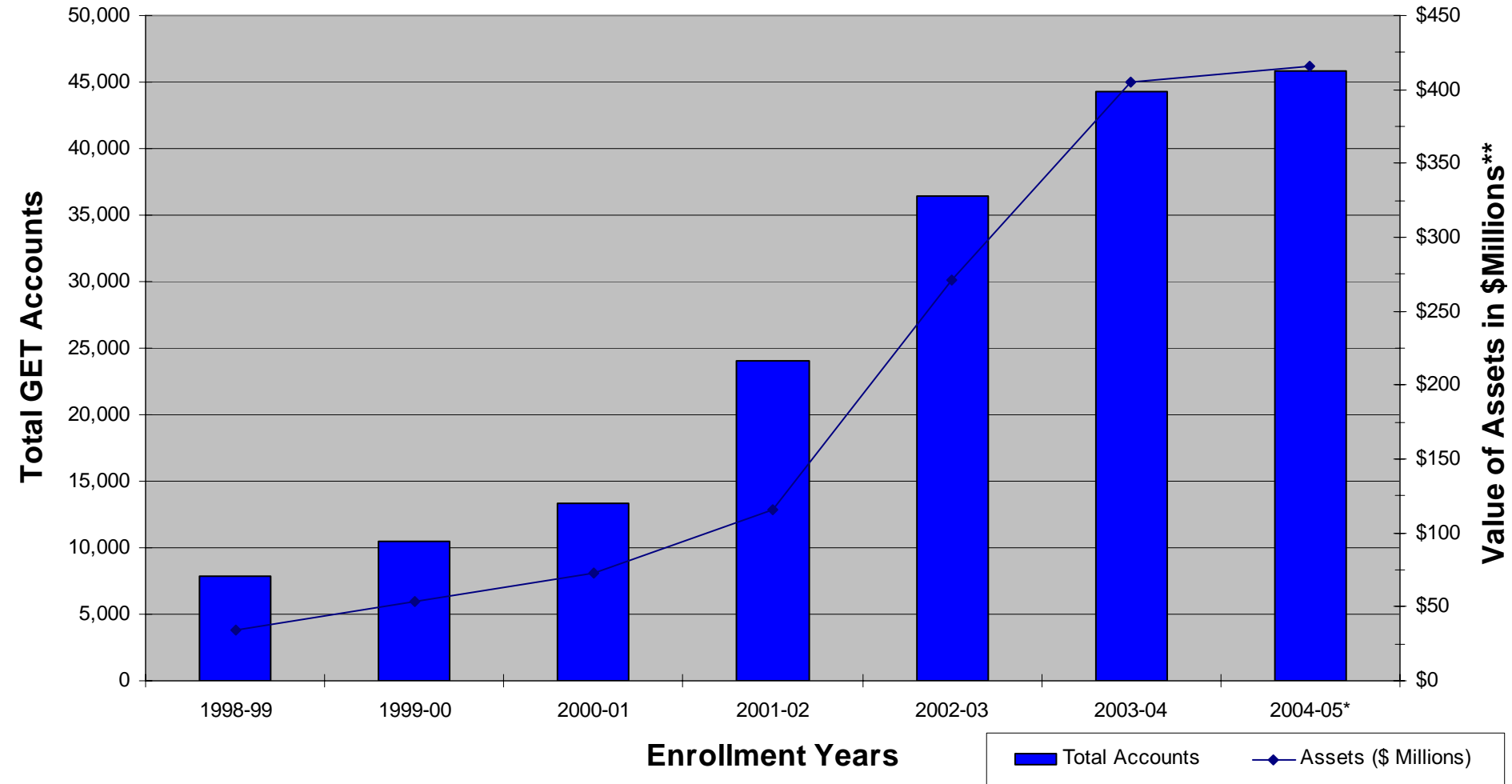
- More than 47,000 accounts have been opened
- Families have purchased over 9.5 million units
- More than \$378 million in payments have been received, plus \$38 million in investment returns
- Value of contracts exceeds \$500 million, reflecting both current receipts and future commitments

# Students redeeming GET units

- More than 6,600 students are eligible to use GET benefits during the 2005-06 academic year
- This year (2004-05) more than 2,200 are attending college using GET benefits:
  - 27% at UW
  - 23% at public regionals and TESC
  - 15% at community and technical colleges
  - 15% at out-of-state colleges and universities
  - 13% at WSU
  - 7% at private, in-state colleges

# GROWTH OF THE GUARANTEED EDUCATION TUITION (GET) PROGRAM

## Inception to Dec. 31, 2004



\* Partial Year - September 15 - December 31, 2004

\*\* Excludes future payments receivable



# GET current financial status

- The GET Program is fully funded. As of June 2004, assets exceeded future obligations, leaving a reserve account of 4.5%
- Investment returns are strong
  - Exceeded 12% for the year
  - Has matched its goal of 6.75% since inception
- Program growth is balanced and strong
  - Enrollments have exceeded projections for three years running
  - GET has developed a brand identity and is widely known across the state
  - Word of mouth advertising continues to be customers' first source of information about the program
- Program is stable at assumed average tuition increases of 7% annually